

Dear all,

Please note the latest update from the fund house:

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Introduction of “Accumulation” unit class to each of the following funds:

McInroy & Wood Balanced Fund
McInroy & Wood Income Fund
McInroy & Wood Smaller Companies Fund
McInroy & Wood Emerging Markets Fund

We are writing to you as a unitholder in one or more of the above-named Funds to notify you that we are introducing an ‘accumulation’ unit class to each of the Funds. We received confirmation from the Financial Conduct Authority (FCA) on 30th January 2024 that these changes do not affect the ongoing authorisation of the Funds.

Introduction of Accumulation Unit Classes and mandatory conversion power

We intend to launch accumulation unit classes in each of the Funds with effect from 2nd May 2024 (the ‘effective date’). Accumulation units are very common within the fund industry. They simplify the reinvestment of income by including the value of the distribution within the unit price. Income is therefore automatically invested when you invest in accumulation units. This is particularly beneficial to unitholders who hold units in our Funds via a fund platform. Many platforms don’t offer an automatic reinvestment option when “income” units are held. When income is received by the platform, a unitholder typically needs to instruct the platform if they wish to reinvest their income. The introduction of accumulation units will overcome this issue.

The new accumulation units will replace the re-investment facility currently available to all income unit class holders. If you currently elect to reinvest your income, your units will be automatically converted to “accumulation class” units in that fund.

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What is changing for investors?

From the effective date there will be two options available to investors in any of the Funds:

1. If you wish your income to be paid out, you will hold income units, or
2. If you wish your income to be re-invested, you will hold accumulation units.

Investors may hold both income and accumulation units and may also convert between unit classes in the same Fund. A conversion from one unit class to another within the same Fund is not a taxable event.

Also on the effective date:

- the existing re-investment facility will be discontinued and the current “Personal Class (P) Income Units” class will be renamed the “Income Units” class; and
- the investment minimum in the Funds will reduce from £1,000 to £500 for initial and subsequent investments.

If you currently re-invest your income, your existing units will be converted, automatically, into accumulation units with exactly the same value, unless you opt out. These conversions will take place between 2nd and 16th May. We will let you know when your conversion has taken place.

Distribution and valuation

At each distribution date, the value of accumulation units will grow through the accumulation of income, which will be reflected in a higher unit price, rather than through the purchase of more units (as at present). The net result is the same.

Prices will be published separately on our website and elsewhere. The existing six-monthly statements, from October 2024, will show both income and accumulation unit holdings.

Next steps and action required

If you wish to continue to receive your income, you do not need to take any action.

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If you currently reinvest your income but wish to start receiving it and therefore do not wish to be converted to the Accumulation Unit class, please let us know by 29th March 2024 by contacting the Unit Trust operation team on MWPportfolios@mcinroy-wood.co.uk or call us in Haddington on 01620 825867. Otherwise your current income units will be automatically converted to accumulation units after the effective date.

You continue to have the right to redeem your units, at any time, by making a request to our Unit Trust operation team using the contact details above.

Other changes

The Prospectus and Trust Deeds have been checked to ensure they remain up to date with current regulations, for example, changes required as a result of Brexit.

We would also like to inform you that T. Bailey Fund Services Limited, the company appointed to maintain the Funds' registers and provide transfer agency, changed its name to Waystone Fund Services (UK) Limited on 16th October 2023, following a change of ownership. The Waystone Group then re-organised its operational model and the fund registration and transfer agency has been moved to another Waystone entity: Link Fund Administrators Limited. The Fund prospectus has been updated to reflect these changes.

The postal address for fund dealing is now:

McInroy & Wood Portfolios Limited, PO Box 401, Darlington DL1 9UW.

As ever, if you have any questions or concerns about this notification, which will be re-advised in our April statement run, please contact me or our Unit Trust operation team on MWPportfolios@mcinroy-wood.co.uk or call us in Haddington on 01620 825867.

Kind Regards,

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